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ABSTRACT

The theme article of this issue, "Spending Money Wisely," by Donald R. Wentworth, begins with an explanation of basic strategies which aid wise spending. The article goes on to provide an introduction to economic reasoning related to consumer purchases and focusing on the role of incentives, scarcity, and alternatives. Four teaching units follow this conceptual introduction. The first unit, intended for pre-kindergarten use, includes activities which have preschoolers listen to a book about shopping ("On Market Street," by Arnold Lobel, 1981), sing a song, hear an economic version of the three pigs, create a nutritious snack, and survey their snack preferences using a pictograph. The K-2 unit, "Kiddie Konsumers," has students set up a mini-mall in their classroom to practice making wise purchase decisions. Additional activities have students clip refund coupons, recognize wise consumer decisions presented in teacher-read scenarios, and investigate which fast food chain has the best price on a cheeseburger, fries, and milkshake. "Sell Words," the third and fourth grade unit, contains seven activities designed to help students learn how to spend their money wisely. Students analyze advertising techniques, keep a television advertising log, conduct a swap-meet attempting to "market" their used merchandise, listen to a guest speaker, and play a consumer version of "lets pretend." The unit for 5th and 6th graders involves students in examining alternative purchase decisions, evaluating the quality of products as a part of consumer decision making, playing "The Chip Choice," and investigating peanut butter bargains. (JDH)

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SPENDING MONEY WISELY

BY

DONALD R. WENTWORTH

THE ELEMENTARY ECONOMIST
VOLUME 4, NO. 2

THE NATIONAL CENTER OF ECONOMIC
FOR CHILDREN EDUCATION
LESLEY COLLEGE
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THEME OF THIS ISSUE

SPENDING MONEY WISELY

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Dear Readers:

The Elementary Economist is designed to bring economic themes into the curriculum of elementary classrooms. The teaching activities are grouped into four levels — Pre-school-Kindergarten, Grades 1–2, 3–4, and 5–6.

This periodical is sent free to over 25,000 teachers, principals, pre-school and elementary curriculum directors, college teachers, etc. throughout the country. Distribution will expand with this issue to *every* elementary school (c/o the principal) in Arizona, Ohio, Massachusetts, and Washington. We ask principals to share each issue with teachers and curriculum development personnel. Distribution to other states and regions is planned in the future.

The Elementary Economist is published by The National Center of Economic Education for Children at Lesley College, Cambridge, Massachusetts. Lesley College is the largest private institution in the nation specializing in education of teachers for pre-school and elementary grades.

The Editor

Center News

New National Center Director at Helm

Welcome Dr. Robert W. Reinke, the new director of The National Center of Economic Education for Children! Dr. Reinke has been visiting professor of economics at four universities and most recently served as director of the Cleveland Center for Economic Education at John Carroll University in Cleveland.

Reinke was also assistant director for the Center for Economic Education at the University of Minnesota and corporate manager of economic education at A-T-O, Inc., in Cleveland, Ohio.

As a recognized authority in the field of education methodology, Dr. Reinke has written numerous articles, monographs and curricula and has been guest lecturer on the subject in 23 states and Canada.

The new National Center director earned his B.S. and M.A. degrees in economics and social studies education and received his Ph.D. in education from the University of Minnesota in 1982.

Chosen by the Center's National Advisory Board after a long search among the nation's outstanding economic educators, Reinke recently told a gathering of elementary school teachers, "I see The National Center and the teachers working with it as filling a critical void in this country's educational system. We literally make economic decisions from the cradle to the grave and yet 95% of the population has never had even one course in economics. The National Center is here to do something about this and with your help will."

This sense of urgency has accelerated the National Center's pace since Reinke's arrival last summer. Experimental, pilot economic units are being taught in over 100 locations throughout the country and they will be ready for full classroom distribution next fall. Parents, business and media "economic course kits" are being prepared. Curricular materials for grades three and four are being written, to be followed by units for the remaining elementary grades, including pre-school and kindergarten. And, of course, *The Elementary Economist* has been increased in size and circulation.

The Elementary Economist Expands

With the publication of Vol. 4, #2, *The Elementary Economist* is increasing 50% to a 12-page periodical. As a result of the findings of the 1982 Learning Theory and Economics Forum (see article below) and teacher requests, the teaching activities will be expanded to include the pre-school age child. Activities are now grouped into four levels — Pre-K, 1–2, 3–4, and 5–6. Suggested lessons at each of the levels may need to be modified to meet the needs of individual classes.

Also new is the "Center News" page which provides an opportunity for The National Center Staff to share news and program plans with our readers. Space will be provided for readers' comments and important announcements.

Background information on the theme of each issue and how it relates to children is covered on the page entitled "Theme of this Issue." This article, contributed by a guest writer, is intended to assist teachers who have not had formal economics education.

A new addition with the last issue is the "Parent Corner." This consists of suggestions written for each level intended to reinforce the child's learning. They are designed to give parents opportunities to demonstrate economic ideas evident in the home and community. After teaching an economic lesson, teachers are encouraged to share with parents the purpose of the lesson and the importance of their involvement.

Readers reactions and ideas for future issues are welcomed.

Learning Theory Forum Provides Basis for Programs

"Economics is fundamentally a reasoning process which can help children understand and anticipate the behavior of others. The basic premise of this process revolves around the notion of choice and self-interest. Making careful choices entails recognizing that there are not costless decisions and that the individual needs to identify what is given up as well as what is gained when a choice is made, according to one's goals."

"The notion of choice also includes identifying and understanding alternatives, accepting consequences, recognizing that individuals can not have all they want, and accepting the decisions of others. This knowledge base evolves primarily from economics but it stresses the explanatory and problem solving capability of the discipline as derived from real life situations."

Those are some of the major conclusions by the 16 nationally recognized experts — economists, teachers, learning theorists, curriculum developers, child development and change specialists — who met last Spring at The National Center's Learning Theory and Economics Forum. Co-sponsored by the Bank America Foundation, the major purpose of the Forum was to provide a theoretical and pragmatic basis for the design and implementation of economic curricular materials for children in the early grades.

The Forum was the first of its kind. No other organization has ever attempted to design a program for preschool, kindergarten and grades 1–6 which will define a scope and sequence for blending basic economic learning into language arts, mathematics and social sciences, thereby enriching all.

Detailed position papers were prepared prior to the Forum dealing with such questions as:

- How can major economic concepts, values and skills best be learned by children in preschool and each of the elementary grades?
- How can they best be taught?
- In which major ways should sound learning and curriculum theories influence educators in their teaching of economics to children?
- In terms of children's immediate and long-range behavior, what evidence will indicate mastery of major economic concepts, skills and values?

Among the conclusions drawn from Forum discussions: The urgent need to improve the economic awareness of children at all grade levels should begin with preschool and elementary grades. To be effective, the curriculum should involve not only the students and teachers, it must be a *community-wide endeavor* which also is directed at parents, business, the media, etc. The proper focus of economic education for children was defined as "an economic way of thinking" which will assist them in understanding the world in which they live.

Spending Money Wisely

by Dr. Donald R. Wentworth

Dr. Wentworth is Associate Professor of Economics and Director of the Center for Economic Education at Pacific Lutheran University in Tacoma, Washington. He also serves as Program Director for the Washington State Council on Economic Education.

Everyone must choose. People, rich and poor, young and old, must address the problem of wanting more than they can have. For many people the problem of choice is most apparent when they enter the marketplace as consumers. Children and adults, confronted by a multitude of tempting consumer products, must learn to evaluate the options available to them. But how does one spend money wisely?

Consumer educators often use the following suggestions as criteria for spending money wisely.

- Avoid impulse purchasing.
- Bargain hunt.
- Buy high quality products.
- Use credit sparingly.
- Distinguish between wants and needs.

A PARADOX: ACTUAL BEHAVIOR VS. MODEL CONSUMER BEHAVIOR

It is hard to disagree with the above suggestions. They encourage consumers to be prudent, frugal, thoughtful, and sensitive to priorities. Unfortunately, few people closely follow these criteria. Each day people impulse buy, use credit casually, and even buy items they don't really need. Why is there such a contrast between how people behave and what consumer educators say is correct consumer behavior? Some analysts might suggest consumers are ignorant, lazy, impulsive or immature. This contention seems inconsistent with the otherwise competent, responsible, intelligent behavior of most people. Unscrambling this paradox is an important step to identifying how to spend money wisely.

ECONOMIC REASONING

A helpful device to examine this paradox is economic reasoning. This is defined as the drawing of inferences or conclusions based on the basic premises of economics. Such reasoning focuses on the actual behavior of people. Instead of finding out what consumers should be doing, it helps explain why they are behaving as they are — an important step in resolving the paradox of consumer behavior. Three basic principles of economics are most applicable to this issue. They are 1) incentives matter, 2) scarcity forces choice, 3) substitutes exist for everything. The existence of these principles in consumers' lives explains why their behavior may not be as irresponsible as it appears.

1. Incentives Matter

Consumers buy products that give them satisfaction. As a rule, people try to do what is best for themselves. If given a choice between two satisfying products, consumers tend to choose the most satisfying one. Or when presented with two equally satisfying products, consumers will choose the least costly. *Consumers make calculated estimates of the costs and benefits of any choice and try to reach an optimal decision — one which minimizes the cost and maximizes the benefits.*

Holiday shopping provides a clear example of consumers acting in their personal interest. Consumers wish to use their limited funds and credit to provide the best gifts available at particular prices. They also know that most items will be priced lower after the holidays. Should a wise consumer wait until after the holidays to buy and give gifts? Maybe, but most consumers will not wait because price is not the only consideration. Giving during the season, while people are in the holiday mood, is more satisfying than giving after the holiday season. That satisfaction serves as a strong incentive which overrides the desire to wait for a lower sale price.

2. Scarcity Forces Choice: Therefore, There are No Costless Decisions

People often impulse buy during the holiday season. Why don't they take time to gather more information in order to make a careful, informed decision? Probably it isn't in their best interest to use their scarce time and resources to gather more information. For instance, how long should one shop, how many stores should be searched to find the best, most reasonably priced jar of instant coffee when there is other shopping to be done? In *some* situations the best thing to do is "impulse buy" because careful bargain hunting has a cost — lost time and energy — often greater than the benefit received from that action. A consumer must always simultaneously choose and refuse. In this example, one search effort will be sacrificed for another. *Impulse buying makes sense when gathering information costs more than the benefits the information provides.*

3. Substitutes Exist for Everything

Most choices involve a wide range of alternatives or substitutes which can satisfy the consumer. For instance, if an individual wants to purchase an automobile, a number of alternatives are usually considered within a particular price range. They may range from a second-hand car to a high quality new car. A substitute for highest quality may be good enough. The consumer must weigh the cost and benefits of each alternative. *High quality is only*

(continued on back page)

Small Smart Shoppers

by Rebecca Shepherd

Rebecca Shepherd is an elementary teacher at The Collegiate Schools in Richmond, Virginia. She has assisted in the development of an early childhood education publication entitled Richmond Is For Children *and has won a merit certificate in the International Paper Company Foundation economic education awards program.*

Spending Money Wisely

Young children frequently want to buy something when they enter a store. What parent has not experienced their pre-school child's insistence on impulse buying? Impulses and wishes govern much of a young child's behavior. Consequently, his/her purchases result in short-lived satisfaction. The situation is complicated by the fact that three, four, and five year olds also have difficulty postponing gratification of their desires. Children realize they must get money from their parents to satisfy wants. They do not understand how to spend money wisely by analyzing alternatives. But they can be introduced to the idea that wants differ from needs and that money can be spent wisely on nutritious foods and well-made products.

Advertising influences our entire society and young children are no exception. In fact, in their innocence, they are easily convinced that a particular product is essential to happiness. As early childhood educators, we have the opportunity to help young consumers become wise shoppers by teaching them to make careful choices.

Student Goals

1. Realize that people buy goods in the marketplace.
2. Realize that people cannot buy everything they want so they must make careful choices.
3. Understand that it is important to distinguish between needs and wants in making choices.
4. Understand that wise spending means finding the best value by comparison shopping and buying a good product from an honest seller at a fair price.

Teaching Activities

I. Wants vs. Needs.
language arts, decision-making and art

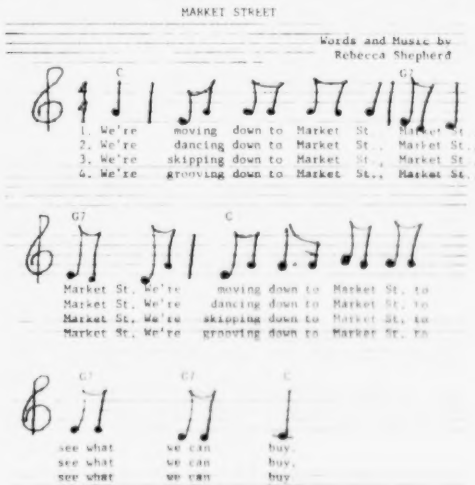
On Market Street by Arnold Lobel (1981) is an alphabet book in which a child goes to Market Street to see what goods the merchants have to sell. The child strolls along Market Street stopping at all the stores and trying to decide what to buy. Then he tells what he purchased from A to Z. Having made his choices and spent all his money, he returns home.

Explain that purchases were made in the marketplace and that the goods cost money. Ask the children to close their eyes and imagine being in their favorite grocery store and having enough money to buy two items. Ask the children to take turns sharing their ideas on what they would have purchased.

After a discussion, have the children draw pictures of how they would spend their money in a grocery or toy store. On a bulletin board post the word "Wants" at the top of one column and place a smiling face next to it. Explain that "wants" are things we would *like* to have. Share the drawings with the class. Ask them if they can have everything they want, if they can have all the things in the drawings, or if their parents can have everything they want. (No, we have to choose.) Place the drawings on the bulletin board under the word "Wants."

Make another column on the bulletin board entitled "Needs" and place a larger, bolder picture of a smiling face next to it. Explain that "needs" are things we *must* have so we can live, grow, go to school, and play. Ask the children to think about things their parents have told them they "need" (clothes, boots, mittens, shoes, milk, vitamins). Have children draw examples of needs or provide pictures to be cut out. Place these pictures on the bulletin board under the "Needs" column. The children should see that their picture list of "wants" is much longer than their list of basic "needs."

II. The Marketplace.
creative rhythmic movement

After reading the book, *On Market Street*, to the class have the children sing and move to the following song:

MARKET STREET
Words and Music by
Rebecca Shepherd
C
G7
1. We're moving down to Market St.
2. We're dancing down to Market St.
3. We're skipping down to Market St.
4. We're grooving down to Market St.
G7
C
Market St. We're moving down to Market St. to
Market St. We're dancing down to Market St. to
Market St. We're skipping down to Market St. to
Market St. We're grooving down to Market St. to
G7
G7
C
see what we can buy.
see what we can buy.
see what we can buy
see what we can buy.

BEST COPY AVAILABLE

PARENT CORNER: *When shopping for toys or games, point out how well or poorly an item is made, or whether it will last. Be sure your child sees the possible items from which a choice can be made.*

III. Wise Spending.
math, language arts, drama

Tell the following revised story of "The Three Little Pigs":

Once upon a time there was an old sow with three little pigs. She was very poor and could not afford to feed her piglets any longer. She only had four quarters (show the class four quarters) *left in her piggy bank so she sadly gave each pig a quarter and sent him out into the world to seek his fortune.* (Stop and ask: How many quarters did she give away? How many quarters did she have left?)

The first little pig came across a sign that read: "Straw for Sale." After talking with the seller the pig bought enough straw to build his entire house. He thought it was a good buy.

Soon a wolf came along and yelled through the straw: "Little pig, little pig, let me come in." The pig was frightened. He could see the wolf's eyes flash like balls of fire and his cruel looking teeth.

But the pig replied: "Not by the hair of my chiny-chin-chin."

The wolf answered: "Then I'll huff and I'll puff and I'll blow your straw house in."

And he did. (At this point: Ask the class, "Would *you* like a house made of straws?")

The second little pig saw an advertisement that read: "Strong Sticks for Sale." He thought sticks were stronger than straw, so he was sure he would be safe from the wolf. But the fierce wolf blew his stick house in too. (At this point: Ask, "Would *you* like a house made of sticks?")

The third little pig saw a brick house for sale. He looked carefully at it. He pushed on it. He poked it with a metal rod. He knew it would not catch on fire like straw and sticks. He asked the salesman if wolves could blow down brick houses.

This pig visited Mr. Owl who had bought a brick house from this salesman. Mr. Owl was happy with his house and found the salesman to be fair and honest. After thinking carefully about his choices: straw, sticks, or bricks, the third little pig decided to buy a brick house because it was a strong house that would last a long time. (Ask question as before.)

After telling the story, let the children act it out. Actors can wear simple masks painted by the students. Use a bunch of straw or drinking straws, a pile of sticks, and cardboard or brick blocks.

The following questions will guide a discussion:

1. Which pig was a wise shopper? (The third little pig)
2. One sign read: "Strong Sticks for Sale." Was the second little pig a smart shopper to believe what the sign said? (no)
3. Which things were not strong enough for building houses? (straw and sticks)
4. What did Mr. Owl think of the salesman? (He thought he was fair and honest.)

IV. Create A Nutritious Product.
nutrition, categorizing, fine motor skills, music

Since many people are nutrition-conscious today, create a nutritious snack. Invite a nutritionist or parent to speak to your class. Make posters on the four basic food groups: milk, meat, fruits and vegetables, and grains. Include pictures of familiar examples from each food group. Have the students cut pictures of food out of magazines and paste them on posters according to their food group.

Ask the children what nutritious foods their parents want them to eat or drink? Which ones do they like? Discuss a nutritious snack they can make in class. Make enough to share with another class or brothers and sisters at home.

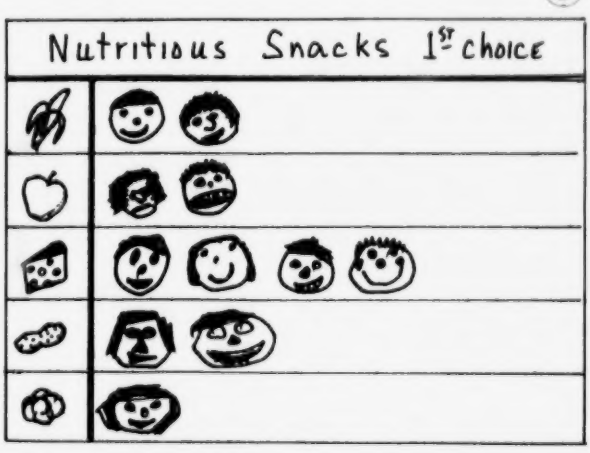
1. *Ants on a Log:* celery spread with peanut butter and raisins.
2. *Harvest Sandwich:* a round of bread spread with cheese whiz and a happy face made out of raisins.
3. *Goodie Bag:* a mixture of peanuts, raisins, pumpkin seeds, carrot chips and popcorn.

Ask the class how they could get students in another class to like their new snack. Suggest that a singing commercial could be presented before the other class to get them interested. The following lyrics to the music "Food, Glorious Food" (from the musical "Oliver") may be sung:

Food, glorious food,
Great snacks with good looks.
While you're in the mood,
Get them from great cooks.
Just picture a great big treat,
Yummy, tasty and smooth.
Oh, food, glorious food,
Wonderful food, marvelous food.

V. Snacks Have Substitutes Too.
math, decision-making, art

A wide range of choices is available in nutritious snacks. Make two identical pictographs and paste pictures of nutritious snacks on the left. Have each child make two pictures of his/her face out of construction paper. Ask each student to select a first and second choice and identify them by placing a face beside the chosen snacks.



Kiddie Konsumers

by Gayle Shaw Cramer

Gayle Shaw Cramer is a second grade teacher in Mentor, Ohio, where she was named 1981 Teacher of the Year and a Martha Holden Jennings Scholar in Education. She won first and third place in Sohio's "Teachers in America Enterprise Awards Program," and received honorable mention for an economic musical in another competition.

Spending Money Wisely

Julie, a seven-year-old girl, was in a department store purchasing a necklace for her mother's birthday. "The necklace and tax comes to $7.35," stated the clerk. Clutching the $5.00 in her wallet, Julie replied, "But I don't want to buy the tax. I just want to buy the necklace!" The clerk had to explain to Julie that even without the tax, the $5.00 she had was not enough to buy the necklace she chose for her mother.

Young children often want many things they see in stores without thinking of the cost involved. They can, however, learn to budget the money they have in order to save for special purchases. Even young people can understand that we live in a world of unlimited wants and limited resources, therefore, choices must be made. They can understand the difference between wants and needs, make decisions about good or bad buys, and learn comparative shopping. The earlier children begin to think about how they spend their money, the sooner they will become wiser and more satisfied consumers.

Student Goals

1. Understand that it is important to choose wisely because when one buys a particular good or service, other goods and services are given up.
2. Understand that wants are things we would like to have and needs are things we must have.
3. Understand that everyone is a consumer with wants and needs.
4. Understand that money can be saved when there are refunding opportunities on items purchased, thus reducing cost.
5. Understand that comparative shopping is a consumer skill that can help one get the best buy for one's money.

Teaching Activities

I. Mini-Mall. *art, vocabulary, decision-making*

Students can have a mini-mall within the confines of their own classroom while learning some basic economic terms and concepts.

Start by presenting the idea of having a classroom mini-mall and discussing the basic elements needed in a shopping mall. Ask the students: Where do they buy the items they want? (in shops, stores) What must the stores have? (items or products to sell, salespersons) What must you have in order to buy the products? (money)

Explain that things that are produced or made to be sold are called products; people who buy are called consumers; and, people who make products to sell are called producers. Conclude the discussion by asking students to write on the board the basic things they will need. (Use economic terms with simple definitions, where possible.)

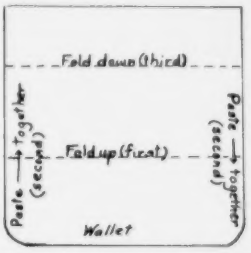
Mini-Mall Needs
Items to buy — products
Places to buy them — shops, stores
People to make products — producers
People to sell products — sellers, salespeople
People to buy products — consumers, buyers
Something with which to buy products — money

Explain that they will be making their own money and wallets in which to carry it. They will set up stores, and be producers, sellers and buyers.

After observing and discussing the information needed on a piece of currency, have the students design and name their own currency. Students can vote on the best design. Have the winning design drawn on a ditto master and make enough for four bills per student. The students can cut out their own currency.

Wallets to hold the paper money can be made using wallpaper from books donated by local wallpaper stores. This activity can demonstrate the concept of division of labor. Divide the class into four groups. Explain that each of the groups will have a different job to perform in the making of the wallet.

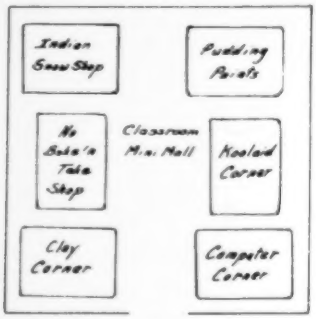
Using a cardboard pattern of a simple wallet, each student in the first group will trace the pattern onto wallpaper. The second group will cut out the wallpaper wallets.



Using the cardboard patterns as guides, the third group will fold the wallet, and the fourth group will paste the sides. After the wallets are made and distributed, students are to place their four bills inside.

PARENT CORNER: *Children can enjoy being helpful by cutting out coupons from grocery ads. Have them group coupons by store or type of food/product.*

Next, the class must decide on the six small shops they will have in their mini-mall. The small shops can be set up on desk tops, grouping four together to form one shop.



Guide the students in selecting the types of shops. Choose products that they can make easily from inexpensive materials or possibly bring in from home. (You may want to ask for parent volunteers to help with production or oversee the shops in operation.) Some suggestions for easy-to-make shops are:

1. *Indian Snow Shop* — Student producers make popcorn and serve it to student consumers in paper cups.
2. *No-Bake 'n Take Shop* — Student producers make no-bake cookies and sell to student consumers.
3. *Potato Print Shop* — Students use potatoes on which a design has been cut to make prints on paper.
4. *Clay Corner* — Students can buy fifteen minutes of time to play with modeling clay.
5. *Pudding Paints* — Students have an opportunity to finger paint with chocolate pudding.
6. *Kool-aid Corner* — Students may purchase a cup of fruit drink.
7. *Computer Corner* — If electronic game equipment is available, students can be given an opportunity to play one computer game.

When all the materials are ready and shop signs are made, divide the class into buyers and sellers. One half will be buyers on the first day, then sellers on the second day, and vice versa.

Explain to the class how buying and selling will take place. Each purchase or opportunity to play will cost one paper bill at each shop. There should be only five consumers at each shop during any buying period. The buying period at each shop will last fifteen minutes (teachers can vary time), and then the buyers must move on.

It will probably take an hour for the student consumers to make their four choices. Since there are six possible choices in the mini-mall and each student has only four paper bills to spend, the concept of opportunity cost* is quickly demonstrated. Students will have to spend their money wisely to ensure maximum satisfaction.

* In making a decision to buy one item, the consumer gives up the opportunity to choose another.

II. Coupon Clipping Chart.
language arts, mathematics

Teaching refunding helps children learn an excellent consumer skill. By sending refund coupons to companies on goods purchased, students learn when refund money is received, that the original cost of the item is reduced.

As a homework assignment, ask students to go grocery shopping with their parents. Ask them to try to get their parents to buy at least one item that has a mail-in refund coupon. Have students bring in one 20¢ stamp, the refund coupon, plus proof of purchase. (Extra stamps and coupons can be made available for students unable to provide their own.) Include a lesson on the correct way to address an envelope.

Make a classroom chart of each item and its original cost. When refunds arrive, have students subtract the amount returned to show the savings on the original cost. Post the refund and the final cost of the product on the chart. (Did any students think of deducting the cost of the 20¢ stamp from their savings?)

III. Good Buy — Bad Buy.
decision-making, language arts

Have each student make two signs. One that says "Good Buy" and the other "Bad Buy." Read consumer situations to students and have them be the judges as to whether the consumer made a good or bad buy. After hearing a situation, students are to raise one of their two signs. The students must be prepared to support their response with a verbal explanation of why they feel it was good or bad. This activity should demonstrate that sometimes it is difficult to decide whether a purchase is good or bad, and that people have different values.

Examples:

A boy is trying to save his allowance to buy a pet, but spends most of his money each week on candy.

A boy had saved fifteen dollars. He didn't own a bike. He had a chance to buy a neighbor's bike that was in good condition for ten dollars.

A girl who had a new ten-speed bike had a chance to buy her neighbor's used bike.

A girl who wanted to save money to buy her mother a gift, bought a rake to get jobs raking leaves.

IV. Comparative Consumer. *mathematics*

Comparative shopping is an important consumer skill. You can introduce children to this skill by asking them to note the price of a cheeseburger, french fries, cola and a milkshake the next time they go to their favorite fast-food restaurants (such as Wendy's, McDonald's and Burger King). Make a comparative chart in the classroom. List the name of the restaurant and the prices of each item, as the children bring in the information. Have them place a gold star on the food item that is priced lowest in each category. Ask the students which restaurant had more low-priced items. Those students who are capable of doing the subtraction, can figure on paper the differences in cost of each item.

Sell Words

by Marsha Hallett

Marsha Hallett is currently teaching elementary school in Renton, Washington. She has received the Washington State Economics Teaching Award and has written several economic learning activity packages, including the state Newspaper in Education unit: What's In It For Me.

Spending Money Wisely

The students' lives are constantly bombarded by words, pictures, and musical jingles, all intended to influence the way they spend their money. Rather than judge these experiences as being unhealthy, why not explore with the students the ways that products are presented. Through careful investigation and analysis, the student can learn to understand advertising as a part of the marketplace. They can, in fact, become informed consumers.

We do acknowledge that young people will spend money. This lesson will allow students to actively participate in the marketing of a product, and experience the power of advertising techniques in influencing buyers.

After this experience, students should be better able to use the information presented in ads, be more aware of techniques used, and, hopefully, make more intelligent choices when spending their money.

Student Goals

1. Examine samples of advertising as ways of creating desire to purchase a product.
2. Identify five basic components of a good display ad. (Attention-Interest-Desire-Conviction-Action)
3. Positively explore techniques used to enhance the components of other areas of advertising in other media.
4. Use some of these techniques to create an original display ad or a commercial.
5. Demonstrate skills that can be used to help them become knowledgeable about the influences of advertising.
6. List ways that these skills will help them spend money wisely in the future, and practice the role of wise consumer.

Teaching Activities

I. How Incentives are Created.
observation, discussion, awareness

Discuss with the students ways in which they find out about new items in their lives such as games, toys, cereals, soft drinks. (Possible answers may include T.V. commercials, radio information, magazines, newspaper ads.) Ask them how they learned about these products and what they remember about these advertisements (songs? people? scenery?, etc.) and if they have purchased these products. Explain that advertisements do provide useful information about the features of particular products.

Tell the students that they will be looking at some of the ways advertisement tries to influence how they spend their money.

II. "Sell Words." *language, arts, art*

Have each student work with a partner. Give each pair a full page advertisement from the local newspaper (variety store, appliance store, toy store advertisements work best). Choose ads with "sell words," that describe a product and influence the buyer. Tell students to find words that the advertiser uses to influence how one might feel about a product — great, marvelous, value, special, etc.

Using colored marking pens have the students circle these words. Advertisers call these words "Sell Words." Points can be given for each "Sell Word" the team finds. Later you may wish to make a collage using these words.

PARENT CORNER: *When youngsters ask for a certain toy or game, ask where they learned about it, why they think it's good, and what other items they considered before making their choice.*

III. Five Basic Components of a Good Ad.
reading, decision-making

Introduce students to these five basic components of a "good" display ad.

Attention: Product dominates the page — bright colors, large print, pictures

Interest: Makes reader want to read on — money saved, grand opening, humor

Desire: Gives reason to buy — will feel good, looks good, time saved

Conviction: Strongly believe it is necessary — for a better life, to be more attractive, well liked, happy, a better person

Action: Must act soon — while they last, limited offer, hurry, hurry

Have students examine magazine, newspaper and television advertisements to identify the use of these five basic components. How many were associated with products students remembered best?

IV. Using a TV Log.
record keeping, writing, observation

Have students watch particular television programs they usually view. Have them keep a log of the advertisements that interrupt the programs. Tell them to note the name of the product or kind of product it is. Do this for several programs and bring the results to class.

Time	Program Title	Commercials
6:30	Mary Tyler Moore	dish soap
		paper towels bathroom cleaner
7:00	Dukes of Hazzard	Atari
		racing set (toy) cereals
		Pepsi dog food
8:00	Disney World	Atari
		Disneyworld
		movie commercial
		Coke

Possible questions for discussion:

1. Could you identify five basic components of a good ad? (activity #3)
2. Were "Sell Words" used? (activity #2)What were they?
3. Describe the audience to whom the ads seem to be aimed. What age level? Why do you think so?
4. Which ad do they think is very good? Why?

Have the students write a short report on their observation.

V. A Swap Shop. *art, creative writing, evaluation*

Have the students design an advertisement to try to market (sell) some item they wish to trade. This item could be an old toy, baseball cards, a scarf, game, something they no longer use that someone else might enjoy.

They can choose the media that will carry their advertisement, for example, buttons, display ads, posters, musical jingles, video-taped commercials. They should decide on the materials to use, demonstrating the five basic components of good advertising and using "Sell Words" to influence the buyers.

Have a "swap" day when each student brings the advertised item to the classroom to trade. The students can evaluate the success of their marketing campaign by the demand for their item, and by comparing with other students' advertising techniques.

VI. Invite a Speaker. *questioning strategies*

Invite a speaker from an advertising or marketing department to visit your classroom. In advance, discuss the product the company produces and ask the class to be thinking about the type of advertising that might be best for that particular product. Then have the students prepare a list of questions that would give them the most information about the advertising strategies used by the company. Make a list of ways in which the students can use their understanding of advertising to spend their money wisely.

VII. Let's Pretend. *critical thinking, role playing*

A method of reviewing what they have learned regarding the power of advertising is to have students question themselves in a given situation. Tell them they are to pretend they are in a store trying to choose a birthday gift for a friend (a game, for example). What questions should they ask themselves before buying? Examples:

(a) Where did I learn about this game?

(b) Why do I want to buy this game?

(c) Why do I think it's an exciting/interesting game?

(d) Does the game look as exciting as it did on TV (for example)?

(e) Do I know kids who have played it? What do they say?

(f) Is the game well made? Will the parts last?

(g) Would I want to play this game six months from now?

(h) What is my consumer decision?

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Choosy Consumers

by Eleanor C. Sabini

Eleanor Sabini is staff associate for The National Center of Economic Education for Children and editor of The Elementary Economist. *Eleanor has taught in the elementary grades and worked in private industry. As the mother of five children, she is, of necessity, economy-minded.*

Spending Money Wisely

Generally, most 10–12 year olds have little or no money to spend. But, given found money, how will most of them use the opportunity? By considering the various options available to them, young people may begin to make more satisfying choices. Comparing substitutes for products can teach them to weigh the price and quality of goods they purchase.

Some fifth and sixth graders may already have savings, earnings from odd jobs, or money to spend. They are beginning to make their own choices in the marketplace, and are influencing the spending habits of their parents. In a few years, as teenagers, many will become more active in our economy as consumers and wage earners. The time to develop educated consumers is before they become totally involved in our economic system.

Student Goals

1. Analyze how they use their money.
2. Understand that one product has many substitutes.
3. Understand what influences their choices.
4. Understand the costs and benefits of comparative shopping.
5. Understand that proper consumer choice includes identifying all alternatives, as well as the costs and benefits of each opportunity.

Teaching Activities

I. Where the Money Goes.
estimating, comparing, evaluating

This activity creates the opportunity for students to pretend they have found $5, use it impulsively, then analyze the choices made.

Inform the class that you are going to make a statement, followed by a question. They are to write down the first thoughts that come to mind. (Allow 3–5 minutes.)

Statement: You have just found $5 while walking home from school, and it is yours to keep.

Question: What will you *do* with it? (Total expenses should be close to $5.)

Note: The word "do" must be used in the question because students may not necessarily *spend* the $5.

Suggested Activities:

1. Total the number of responses written down by all students. Write total on the board.
2. Ask, "How many of the items you purchased would belong in the following categories:
(List categories and totals on board *as given.*)

_____ (a) snack food or drink
_____ (b) game, puzzle, cards, sports equipment
_____ (c) clothing (hat, socks, gloves)
_____ (d) jewelry or cosmetic item
_____ (e) book, music, record, tape
_____ (f) movie, bowling, skating, sports event?"

or, "How many students:

_____ (g) saved (part or all)
_____ (h) invested (saved for a bike to use on a paper route; bought a rake for yard jobs)?"

3. Compare: (make ratios, figure percentages)
   (a) the number of responses to each category with the total number of responses
   (b) the number of responses in one category to those in other categories.

Discussion Questions:

1. If children your age have $5, what are the most common ways it will be spent/used?
2. Could any of the items you purchased be enjoyed/useful for more than one day, week? (puzzle, clothing, etc.)
3. Could any of the ways you used your money benefit you in the future? (savings, investment, book, etc.)
4. If you had been given more time to think, would you have spent the $5 differently (discuss thoughtful choices vs. impulse choices)?

II. The Choice Chip.
evaluating, decision-making, reasoning

Explain to the class that this activity will give them the opportunity to sample a number of substitutes (brands) for one food product and consider which they prefer and why.

In advance, select a food item that is available in a number of different brands. Examples of foods to use are: potato chips, bread, cola, apple juice, chocolate chip cookies. Use the same or similar sized packages of two or three well-known brands, a store brand and the economy/generic product, if possible. Potato chips will be used in this activity.

On a table in front of the class place five bowls in a row, each containing a sample of one brand (do not let

students see packaging). In front of each bowl, place a card with a number (1, 2, 3, etc.). Place under each bowl, face down, a small card with the name and price of each selection.

Before the tasting experience, tell the students they will have the opportunity to come up to the table and sample each brand. Give them their questionnaires to scan.

Ask them to come to the table, five at a time, sample the chips and note which they like best, least, second best. Each student has three minutes to make his/her decision. Ask them to return to their seats to complete questions 1–3.

THE CHIP CHOICE — Questionnaire

1. Which potato chip do you like
   best? No. ____ Why? _____
   least? No. ____ Why? _____
   second best? No. ____ Why? _____
2. Which do you think costs
   most? No. ____ Why? _____
   least? No. ____ Why? _____
3. Can you guess the brand name that corresponds with each number? Rate then in order of preference. *Rating*
   No. 1: _____ ____
   No. 2: _____ ____
   No. 3: _____ ____
   No. 4: _____ ____
   No. 5: _____ ____

Turn over the cards showing the name and price of each brand. Ask if they are surprised by the brands and prices identified. Have students complete questions 4–7.

Questionnaire — page 2

4. Did you pick your usual brand as the one you liked best? Yes ___ No ___
5. Would you still buy the brand you liked best if its price went up 15¢/20¢ and the others stayed the same?
   Yes ___ No ___ Why? _____
6. Would you buy your second choice if its price went down 15¢/20¢?
   Yes ___ No ___ Why? _____
7. Would you compare different brands, prices and quantities each time you bought something?
   Yes ___ No ___ Why? _____

Discussion Questions:

1. What influences our choices when buying a particular brand? (preference, advertising, peer pressure)
2. Since we cannot always afford our first choice, are there alternatives or substitutes? (Yes; the degree of similarity may vary, but acceptable substitutes can usually be found)
3. Why don't we always bargain hunt? (time consuming, not convenient, buy on impulse)
4. Why do so many companies make the same product? (freedom to compete to make the best product and derive the most profit). Is competition good?

III. Shopping Survey. *recording data, math*

Inform the class that they are going to visit a supermarket to make a consumer survey of one item, make comparisons, and decide which they think is the best purchase.

In advance, arrange for the class to visit a local supermarket. Assign each student a partner. Choose particular products for which there are many brands available (peanut butter, facial tissues, dry dog food, shampoo, dishwashing detergent, dill pickles.) Assign one product to each pair. Explain to the class that they will work with a partner gathering information on one product.

Students are to (1) find their particular product in the store, (2) look for all the brand names of that product, and (3) compare prices of the same or similar size/quantity. Hand out their survey sheets.

Name: _____ Date: _____

Partner _____ Store: _____

Name of Product: Peanut Butter Survey Sheet

Brand	Price	Quantity	Cost per unit of measure
Economy	$ .89	18 oz.	4.9¢
Skippy			
Jiff			
Peter Pan	1.53	18 oz	8.5¢
Star Market	1.39	18 oz	7.7¢
Teddie	1.49	16 oz	9.3¢

In the market, students are to write the brand name, price, and quantity of each substitute they find. (Remind them to look for special sales and offers.) If time allows, collect data on both regular and economy sizes.

Back in class, have students figure the cost per unit of measure on each brand item.

Example: Creamy Peanut Butter

Economy: 89¢ for 18 oz. jar. $\frac{.89}{18}$ = .049 or 4.9¢ per oz.

Skippy: $1.80 for 18 oz. jar. $\frac{1.80}{18}$ = .10 or 10¢ per oz.

Review results and discuss comparative shopping.

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valuable if the benefits outweigh the costs in the mind of the individual consumer.

Substitutes also influence the use of credit. Credit allows consumers to buy products and pay for them with future income. This increases the range of alternatives available to consumers and liberates them from the narrow range of alternatives purchaseable with current income. With credit, high priced items like automobiles, homes, and college expenses become affordable. The consumer's ability to buy increases significantly if it isn't restricted to the limitation of one's last paycheck. Using credit sparingly is not *always* in the consumer's best interest if such behavior *unnecessarily* reduces the range of alternative choices available to consumers.

Substitutes can change consumer priorities. Substitutes exist for everything. To speak of consumers' "needs" suggests products they cannot live without, and for which there is no substitute. Everyone needs food to survive. But within that category of food, countless products could fulfill that need. Consumers purchase specific brands, types, and amounts of food. Although people cannot live without food, they *can* live without a particular food product.

Often the expressed "need" for an article of clothing, for example, is actually a "want" or desire for a new, particular, brand-name item. How a consumer chooses will depend upon income, knowledge and personal values — three qualities which vary substantially from individual to individual. One person's need is another person's want. *Teaching people to buy according to need probably is less constructive than helping people learn to make intelligent choices among alternatives.*

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